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OXC-0115

18 November 1959

MEMORANDUM FOR : Deputy Director (Plans)
THROUGH : Acting Chief, DPD-DD/P *W.D.*
SUBJECT : Weekly Report No. 60-18

REFERENCE (a) : Memorandum for DD/P dtd 9 Nov. 1959
from Ch/CB/DPD, same subject

(b) : Memorandum for Chief, Contracts Branch,
DPD, dtd 13 Nov. 1959, from DD/P, same
subject

1. As discussed at our meeting Friday afternoon, my function on cost projections not covered by the Budget is merely that of reporting items furnished by the Branch Chiefs which will be of interest to you. Mr. Parangosky's impression from the suppliers meeting was that you authorized as the first priority the expenditure of \$65,000 for the well since its completion would not only increase the rate at which the [REDACTED] could be made operational, but in the event additional water were unavailable might force abandonment of the real estate. A review of alternate sites (other than [REDACTED] has been made in concert with Headquarters, USAF, and the results will be furnished you as soon as possible. Further, a comprehensive plan for phased construction at the [REDACTED] will be forwarded in the next few days.

2. The problem you raise on authority to proceed on OXCART contracts concerns me very much. I think it best to present the situation involved as follows:

a. Admin Memo No. 116 authorized the Contracting Officer to sign contracts, "regardless of amount provided that each such contract is authorized in a Program Approval". It also provides for referral to you if I feel a matter of procurement policy is involved.

b. On 1 September 1959, you, by DD/P 4-6866 stated "The following programs within the budget are approved and obligations and expenditures may proceed. Further program approvals will be necessary only for amendments."

DOCUMENT NO. *45*
NO CHANGE IN CLASS. *X*
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NEXT REVIEW DATE:
DATE: *01/07/72* REVIEWER: 010956

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GUSTO (but I desire to be informed when major contracts are let)."

Since the profit requested on Pratt & Whitney was well within our present policy and no other questions developed, I did not refer either the development contract or the partial funding on the production order to you, particularly since you had participated in the Washington negotiations and desired maximum funds be obligated from the 1960 budget. Under these circumstances, it was my view that no significant issue of procurement policy was present. If you feel, however, that a particular magnitude of cost in itself raises a question of policy, I will, of course, be guided by whatever limits you desire to set.

c. Because of the wording of my delegation in a. above, both General Counsel and I felt that if you desired to operate under b. above, my delegation should be changed to read, "approved programs" instead of "Program Approval". This change in delegation of authority was forwarded to you for your concurrence on 24 September 1959, DPD-6460-59. Subsequent thereto, [REDACTED] advised me he had discussed the matter with you and I was to continue signing necessary contract documents on the basis of my best judgment and that the delegation technicality would be taken care of at a later date. Still concerned about this weakness in my delegation, I asked the Development Branch to prepare Program Approvals for your execution which, when signed, would close the gap in my delegation. The OXCART Program Approval was forwarded 20 October. (However, as you stated in your 13 November 1959 memorandum, you have not yet executed them).

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d. Each time a contract under the OXCART (then GUSTO) budget was signed, I have personally called your office prior to release and advised Gloria or Doris who, in turn, indicated they would prepare a note for you. Also, each item again appeared in the next weekly report and the approval authority listed therein was your ID/P 4-6866.

3. In order to resolve the above situation, the following suggestions are made:

a. That at the beginning of each fiscal year we furnish you with whatever data you require for the Director including a budget plus program approvals, if required.

b. That you furnish us with a memo similar to ID/P 4-6866, when appropriate, approving the programs (unless you want to get the original program approvals executed and returned to us.)

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c. That the amendment to the Contracting Officer's delegation be executed (unless you desire program approvals on all programs involving contracts).

d. That once you have approved the various programs, DPD would manage them and formal approval documents would be furnished only for additional items over and above the original approved program. Each new contract would be referred to you prior to execution if it exceeded a certain dollar amount (See para. 2.b. above) or if it raised other significant policy questions. You would further be kept informed through the regular weekly reports as in the past.

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Chief, Contracts Branch, DPD

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DPD-DD/P:  pf

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